DOCUMENT RESUME

ED 121 235 IR 003 064

TITLE	Association for Continuing Education, Annual Report, 1975.
INSTITUTION	Association for Continuing Education, Stanford, Calif.
PUB DATE	30 Jun 75
NOTE	17p.
EDRS PRICE	MF-$0.83 HC-$1.67 Plus Postage
DESCRIPTORS	Annual Reports; Budgets; *Educational Television; *External Degree Programs; Post Secondary Education; *Professional Continuing Education
IDENTIFIERS	ACE; *Association for Continuing Education

ABSTRACT

The Association for Continuing Education (ACE) functions as an educational service system offering a broad range of programing to employees of organizations that are members of the Stanford Instructional Television Network. ACE is affiliated with Golden Gate University of San Francisco, the College of Notre Dame in Belmont (California), and San Jose State University; but all courses of instruction originate from Stanford University and are broadcast in an interactive mode to students at their place of employment. During the year ending in June 1975, ACE offered 79 courses to 2,891 students. Subjects included business, management, mathematics, cybernetics, and several topics of general interest. This annual report includes a summary of ACE's financial status and offers plans for the future. (EMH)

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ED 121235

Association for Continuing Education

ACE

ANNUAL REPORT 6/30/75

Association for Continuing Education

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ANNUAL REPORT 6/30/75

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ACE ASSOCIATION FOR CONTINUING EDUCATION

TO: Members of the Association for Continuing Education

Now that its growing pains have subsided, ACE has progressed exceedingly well this past year: more and improved courses were offered to its member companies, therefore, the number of enrollments increased, resulting with more working capital.

ACE's future looks bright. I feel that we will grow proportionately to the demands made upon us, we will continue to improve programming, and we will continually benefit from innovations yet to be discovered. We are fortunate to have a General Manager who is always anxious to try the "creative" approach, who is willing to face change, and who relishes challenge.

This is the first year in our short history where the financial situation looks positive. We have a good ratio of assets vs. liabilities. We implemented new marketing strategies, offering shorter modular courses which are being marketed to outside organizations. This has enhanced our financial condition.

We, the Board of Directors, would like to thank our General Manager and his staff for their continued outstanding effort, the member companies for their enthusiastic support, and Stanford University for its spirit of cooperation. It is because of this combination, that the Association for Continuing Education is the forerunner in this field.

Sincerely,

ASSOCIATION FOR CONTINUING EDUCATION

R. C. HIKE
Chairman of the Board

404-A Durand Building Stanford, California 94305 Telephone (415) 327-4203

Annual Report – June 30, 1975

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"About ACE. . ."

ACE functions as an educational service system offering a broad range of programming to employees of organizations that are members of the Stanford Instructional Television Network. Courses are constructed to meet a variety of continuing education needs of the member organizations.

ACE offers a complete schedule of courses leading to a Masters degree in Business through a cooperative arrangement with Golden Gate University in San Francisco. The College of Notre Dame in Belmont supports the undergraduate courses in business, mathematics, writing, speech and computer science through the cooperation of their continuing education division. These courses may be taken singly, for professional updating, or as part of a comprehensive program leading to the MBA degree.

Graduate courses in Cybernetic Systems are offered by San Jose State University. These courses satisfy the core requirements and certain electives in the Cybernetic Systems Program which will qualify the student for an MS degree from SJSU.

ACE has its own management and supervisory training programs each consisting of four courses which are scheduled regularly throughout the year. Other courses cover selected subjects and these courses are tailored to meet specific education or training requirements involving direct participation by the member organizations in the design and delivery stages.

All courses of instruction originate from Stanford University and are broadcast to students where they work. Students receive instruction by television, but otherwise participate in their courses in the same manner as on-campus students. This is accomplished through a two-way audio system which links the students with each other, and with the instructor, so they may interact with one another while the course is in progress.

Courses are normally scheduled from 7:00-8:00 AM, 12:00(N)-1:00 PM, and from 5:00-7:00 PM, Monday through Friday over four channels in the Instructional Television Fixed Service Band. Special receiving classrooms at company locations are normally reserved for students' participation in televised courses. A daily courier service provides for the distribution of course materials and exams.

Corporate Officers

Robert C. Hike Standard Oil Company	*Chairman of the Board*
John D. Webster IBM Corporation	*Treasurer*
Kenneth S. Down Stanford University	*Secretary*
Charles M. Davis ACE	*General Manager*

Members of the Board of Directors

Robert Busch	*Avantek, Incorporated*
Wade Cone	*Aeronutronic-Ford Corporation*
Robert C. Hike	*Standard Oil Company*
Edward Hulse	*Lawrence Livermore Laboratory*
David Jordan	*ISS/Sperry-Univac*
John Leveen	*NASA/Ames Research Center*
L. Farrell McGhie	*Stanford University*
Harry Turner	*Bechtel Corporation*
John D. Webster	*IBM Corporation*
Donald A. Wolf	*GTE/Sylvania*
Kenneth S. Down	*Stanford University (Ex-Officio)*

General Counsel

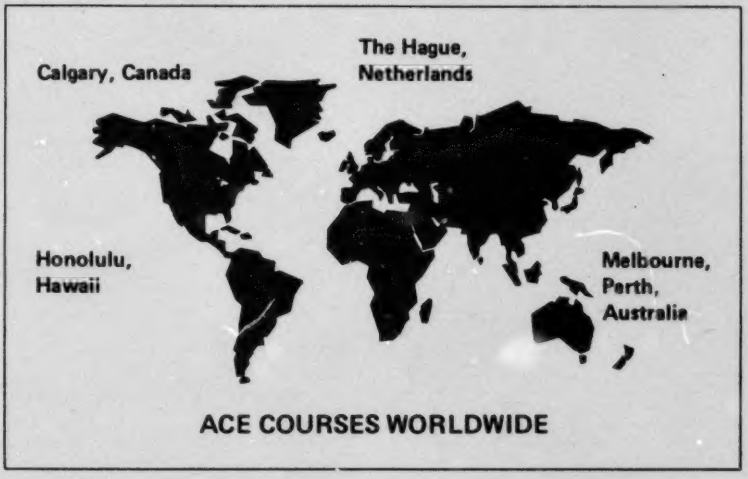
Jay P. Cooper, LLD	*Attorney At Law*

Accountants

Thomas B. Maier, PhD	*Certified Public Accountant*

Members

Aeronutronic-Ford
American Micro-Systems
Ampex Corporation
Argo Systems, Inc.
Avantek, Inc.
Barry Research
Bechtel Corporation
John Blume & Associates
College of Notre Dame
Diversified Electronics
ESL, Inc.
Fairchild Corporation
Fluor-Utah
Genesys Systems, Inc.
Golden Gate University
GTE-Sylvania
Hewlett-Packard Corporation
Hydrocomp, Inc.
IBM Corporation
ISS/Sperry-Univac
Kennedy Engineers
Lawrence Livermore Laboratory
Lockheed Missile & Space Co.
NASA/Ames Research Center
National Semiconductor
Pacific Gas & Electric Co.
Quantic Industries, Inc.
San Jose State University
Sandia Laboratories
Singer Simulation Products
Standard Oil of California
Stanford Research Institute
Stanford University
Systems Control, Inc.
Telecommunications Association
Teledyne Microwave
Vidar Corporation
Watkins-Johnson
Xerox Research Center

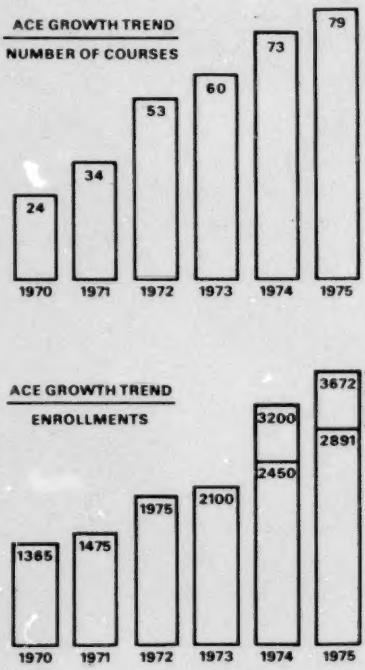


ACE COURSES WORLDWIDE

OPERATIONS

1. During the 12-month period ending June 30, 1975, ACE offered 79 courses with 2891 enrollments and an average class size of 36+ students. An additional 781 enrollments were recorded by companies whose employees participated in courses which were recorded on video tape and distributed to divisions located outside of the live broadcast area. A comparison with the number of courses and enrollments in previous years is shown in Figure 1.

Figure 1



2. Adjusted net income stood at $16,162 at the close of the fiscal period. The indebtedness of $23,600 with which ACE began the year has been completely paid off leaving ACE in a current financial position and with an equity of $17,268.

The value of assets was reduced to a more realistic level by removing certain outdated video tape courses from the video tape inventory. These will be replaced with new courses produced this summer. At the same time, the ratio of assets to liabilities has greatly improved reflecting a positive change in liquidity.

Total revenue rose by approximately 38% over the previous period while expenses rose by 40% due to an increased investment in programming which is anticipated will pay off in 1975/76.

Programs

1. **MBA Degree.** Enrollment in MBA courses rose an impressive 22% making it necessary to add more courses to the schedule beginning with the spring semester. A total of 10 MBA degrees were awarded in June raising the number to 50 who have received their degrees, having taken all of their coursework by television.

2. **Management and MBA Foundation Programs.** There were a total of 566 enrollments in these courses during the year representing an increase of 53% over the previous period. More courses were added to the schedule to meet the demand. 20 Management Certificates were awarded, raising the total to 60 who have completed the Management Development Program.

3. **Supervisory Training.** At mid-year it became apparent that more structure was needed to meet the growing interest in supervisory training. There were 324 enrollments representing 11% of the total enrollment in regularly scheduled courses for the year. These enrollments were in only two courses, Elements of Supervision and Basic Accounting. To round out the program, two more courses are planned which will treat the topics of Selected Problems in Supervision and a Basic Introduction to the World of Computers.

4. **Writing Series.** The quality of instruction in these courses continues to improve with experience. One course in the series, Creative Technical Presentations has been replaced by a short-course produced by ACE in cooperation with Time/Life. Average class size = 29 enrollments per quarter.

PROGRAMS, Continued

5. Mathematics Series. The courses in mathematics attracted comparatively few enrollments with average class sizes of 24. Quality of instruction was above average to superior, however, and the plan is to continue to promote individual courses because of the importance of math in a well-rounded curriculum.

6. General Interest Courses. These courses accounted for 631 enrollments or 22% of the total enrollment in regularly scheduled courses for the year. 485 were in the short video taped programs which include Effective Reading, Time Management, and Communicating Successfully. Of these, Time Management attracted the largest number of participants.

7. Special Interest Courses. A total of 8 courses were offered with a total of 253 enrollments. The following courses were offered expressly for organizations which provide ACE with guaranteed income:

SUBJECT	COMPANY
Modern Engineering Fundamentals	Aeronutronic-Ford
Government Contracts Administration (Summer & Fall)	GTE/Sylvania
Applications of Materials Science	IBM Corporation
Calculus Revisited I	IBM Corporation
Intro. to Chem. Engineering I	Standard Oil Co.
Intro. to Chem. Engineering II	Standard Oil Co.
Management By Performance Measurement	Standard Oil Co.

8. Cybernetic Systems Courses. These courses, in their third year on television, represent the core requirements and certain electives for the MS degree in Cybernetic Systems from San Jose State University. The 8 courses which were offered accounted for 159 enrollments with an average class size of 20 students. The current arrangement with San Jose State is still in an exploratory condition with the outcome to be decided in 1976.

9. Video Tape Courses. The number of enrollments in courses which were video taped at the request of ACE member organizations for viewing by their employees at field locations remained about the same as for the previous year. Some practical experience has been gained in the design and use of video taped programming and it is anticipated that this experience will yield more significant results in the next year or two.

As stated earlier in this report, some of the shorter VT courses have become very popular and continue to draw larger audiences with each showing. This would suggest that we are on the right track so far as the short courses are concerned.

OUTLOOK

1. Overall enrollment for the summer quarter 1975 compares favorably with the same period in 1974, as ACE begins its 7th year of operations. Enrollments in MBA courses have risen approximately 15% and in the MBA Foundation courses, approximately 47%.

2. More state-of-the-art technical courses are planned for engineers and technicians who seek ways of remaining current in their specific fields. Better methods of promotion will improve the results in this area, as will institutional backing from an accredited technical school such as Cogswell College in San Francisco.

3. It is anticipated that the working relationships between ACE and the producers of courseware such as the Center for Advanced Engineering Study at M.I.T. and the Texas Instruments' Learning Center will be expanded in the year ahead. Both of these sources of educational programming have agreed to make their courses available to ACE on consignment.

4. Surplus capital will be invested in upgrading both equipment and services offered to the members of the Network. Present facilities are being expanded and improved in preparation for the fall schedule of programs.

5. There will be an exploratory sampling of the market for ACE video tape programs which have been produced expressly for audiences where no direct contact with the instructor is required. Preliminary responses have been encouraging.

Comparative Balance Sheets

	6/30/75	6/30/74	6/30/73	6/30/72
Assets				
Current Assets				
Cash	$14,301	$10,599	$ 5,191	($ 1,867)
Accounts Receivable	6,744	17,869	16,720	13,674
less allow. for doubt. amts.	–	–	(8,000)	–
Inventory	10,880	10,090	5,310	–
Prepaid Items	2,466	–	–	–
Total Current Assets	$34,391	$38,558	$19,221	$11,807
Plant Assets				
Furniture & Equipment	2,552	2,245	2,171	2,032
Accumulated Depreciation	(1,213)	(813)	(413)	–
Total Assets	$35,730	$39,990	$20,979	$13,839
Liabilities and Association Equity				
Current Liabilities				
Accounts Payable	$ 500	$ –	$ 800	$ –
Student Tuition Deposits	10,845	8,800	3,400	–
Taxes Payable	1,599	1,407	1,340	830
Payable to Stanford	3,678	20,123	19,952	42,016
Instructors Fees	–	1,954	–	2,092
Tuition Payable	1,840	–	570	–
Loans from Members	–	–	1,773	6,320
Total Current Liabilities	$18,462	$32,284	$27,835	$51,258
Long-Term Liabilities				
Notes Payable	–	6,600	6,600	9,240
Total Liabilities	$18,462	$38,884	$34,435	$60,498
Association Equity	$17,268	$ 1,106	($13,456)	($46,659)
Total Liabilities and Capital	$35,730	$39,990	$20,979	$13,839

THOMAS B. MAIER
CERTIFIED PUBLIC ACCOUNTANT
19797 VIEWRIDGE DRIVE
SARATOGA, CALIFORNIA 95070

255-3220

July 31, 1975

Board of Trustees
Association for Continuing Education
404-A Durand Building
Stanford, California 94305

Gentlemen:

I have examined the balance sheet of the Association for Continuing Education as of June 30, 1975 and the income statement and statement of changes in financial position for the fiscal year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as I considered necessary in the circumstances.

In my opinion, the accompanying balance sheet, income statement, and statement of changes in financial position present fairly the financial position of the Association for Continuing Education at June 30, 1975 and the results of operations for the year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the previous year.

Sincerely yours,

Thomas B. Maier
Certified Public Accountant

Balance Sheet
June 30, 1975

ASSETS

Current Assets	
Cash – Crocker	$12,826.54
Cash – Bank of America	1,424.95
Petty Cash	50.00
Accounts Receivable	6,743.80
Inventory	10,880.00
Prepaid Items	2,466.11
	$34,391.40
Plant Assets	
Furniture and Equipment	$ 2,552.17
Less Accumulated Depreciation	−1,213.00
	$ 1,339.17
Total Assets	$35,730.57

LIABILITIES

Current Liabilities	
Accounts Payable	$ 500.00
Tuition Payable	1,840.00
Advances on Tuition and Textbooks	10,844.85
Taxes Payable	1,599.47
Payable to Stanford University	3,678.00
Total Liabilities	$18,462.32

CAPITAL

Association Equity	
Equity at 6/30/74	$ 1,105.66
Net Income – Year	16,162.59
Equity at 6/30/75	$17,268.25
Total Liabilities and Capital	$35,730.57

Income Statement
Year Ended June 30, 1975

Revenue	
Commitments	$ 66,000.00
Tuition	95,265.76
Books	31,542.83
Video Taping	11,744.36
Miscellaneous Income	5,257.45
Total	$209,810.40
Costs and Expenses	
Tuition to Colleges	$ 31,827.50
Wages	37,412.41
Accounting & Legal	325.00
Advertising & Promotion	1,417.93
Books	28,802.29
Credit Card Costs	160.61
Depreciation	400.00
Instructors Fees & Royalties	33,959.10
Insurance	2,130.27
Interest	810.51
Miscellaneous Expense	42.76
Office	3,364.62
Printing	2,224.47
Repairs & Maintenance	141.19
Rent & Courier	8,124.00
Instructional Supplies	334.10
Studio Costs	28,173.50
Taping Costs	7,794.92
Taxes	3,926.22
Telephone	825.62
Travel and Auto	1,450.79
Total	$193,647.81
Net Income	$ 16,162.59

Statement of Changes in Financial Position
Year Ended June 30, 1975

Sources of Funds	
Net Income from Operations	$16,162.59
Add Depreciation	400.00
Funds from Operation	$16,562.59
Total Sources	$16,562.59
Uses of Funds	
Purchase of Equipment	$ 307.35
Retirement of Debt	6,600.00
	$ 6,907.35
Increase in Working Capital	$ 9,655.24

Schedule of Change in Working Capital

Current Assets	6/30/74	6/30/75
Cash	$10,598.51	$14,301.49
Accounts Receivable	17,867.78	6,743.80
Inventory	10,091.60	10,880.00
Prepaid Items	–	2,466.11
Current Liabilities		
Instructors Fees Payable	1,954.00	–
Accounts Payable	–	500.00
Advances on Tuition & Guarantees	8,800.05	10,844.85
Taxes Payable	1,406.75	1,599.47
Payable to Stanford	20,123.25	3,678.00
Tuition Payable	–	1,840.00
Working Capital	$ 6,273.84	$15,929.08
Increase in Working Capital	$ 9,655.24	